

**Weicker remakes budget;  
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Weicker changes budget, income tax plan**

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**Byline:** LARRY WILLIAMS; Capitol Bureau Chief

## **Body**

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With no sign of movement in the legislature's budget standoff, Gov. Lowell P. **Weicker** Jr. re-entered the fray Tuesday with a new -- and, he said, improved -- version of the proposals he issued four months ago.

The centerpiece of the new plan is a graduated **income tax**, replacing the flat-rate tax originally proposed.

"This is a better budget than my first budget," he said.

It's also bigger, primarily because the state's economy has continued to slide since February, opening a \$ 300 million gap in his original plan.

He would fill the gap by raising taxes by \$ 248 million more than he first proposed -- bringing the total tax increase to \$ 1.35 billion -- and by making many changes on the spending side to produce a net savings of about \$ 40 million.

The revised **income tax** would save money for some lower-income taxpayers, but would raise \$ 115 million more than the flat-rate proposal.

Like the original, the new plan would tax wages for the first time and would repeal existing taxes on capital gains, dividends and interest. All income would be taxed at the same rates.

**Weicker** also proposed cutting the 8 percent sales tax to 4.5 percent instead of 4.25 percent and broadening the base a little more than originally suggested. The net effect would be \$ 96 million more in revenue.

Among the governor's proposals are several relatively small items that sparked big controversy during the regular legislative session that ended last week.

They include a \$ 3 million cut in state aid to private and parochial schools, a \$ 5 million cut from higher education, a \$ 5 million savings from making elderly residents pay more for subsidized prescriptions and a ban on the sale of out-of-state lottery tickets, with the aim of boosting sales for the Connecticut lottery.

The governor's 22-page budget summary includes one unexpected wrinkle -- a proposal to have the entire revenue structure expire in 1994 unless readopted.

But in his remarks, **Weicker** depicted this "**sunset**" provision as something he is willing to embrace if the legislature wants it, rather than a firm proposal of his own.

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**Weicker** said he hoped his new plan would help bring about a quick settlement of the budget impasse, but early reactions indicated little or no change in the battle lines.

House Minority Leader Edward C. Krawiecki Jr., R-Bristol, and Sen. James H. Maloney, D-Danbury, two leaders of the legislative effort that produced a no-**income-tax** budget vetoed by **Weicker**, said the new proposals merely confirm the worst fears about an **income tax**. That it will start low and go up.

"The governor proved the point," Maloney said.

"The creepage has started," Krawiecki said, saying most taxpayers would pay the 6.75 percent rate in the top bracket of the revised tax instead of the 6 percent flat rate of the old tax.

Krawiecki reiterated the view of many lawmakers who backed the vetoed budget -- that its bottom line is set in stone, and only taxes are subject to debate.

That bottom line was \$ 7.7 billion, and **Weicker's** is some \$ 370 million higher, the biggest difference being \$ 191 million more going to pay off the current fiscal year's deficit.

Reaction was more positive from House Speaker Richard J. Balducci, D-Newington, and other House Democrats who support an **income tax**.

"As a basic foundation ... it seems like it has firm footing. It covers all the bases," Balducci said.

Rep. Richard T. Mulready, D-West Hartford, co-chairman of the finance committee, said, "I think we can pass a plan in the House that is pretty close to what the governor has proposed. The Senate is more difficult."

The main problem now, say many lawmakers, is not so much the differences between **Weicker** and the legislature, or between Republicans and Democrats, as between House Democrats and Senate Democrats.

Democrats control both chambers, but they're headed in different directions, with House members wanting a major tax-reform plan and Senate members preferring a small **income tax** tacked onto the existing tax system.

There's also a "pride-of-authorship" dispute brewing, according to some sources, who say any plan produced primarily by House Democrats is probably doomed among Senate Democrats.

**Weicker** said he tried to include in his new proposals the best ideas from the budget he vetoed May 31, as well as other proposals that were aired during the past four months.

"I don't expect that this certainly is going to be adopted in toto," the governor said, "but I think there are a lot of good ideas in here."

**Weicker** also warned lawmakers to get moving, saying he would resist any attempt to pass legislation aimed at giving the government a reprieve after June 30, the end of the fiscal year.

"This legislature, this governor can get together on a budget package and have it out of here long before the end of the month," he said.

Krawiecki objected to the tone of **Weicker's** statements, saying nobody needs to be reminded of the pressure to finish a budget by June 30.

But Balducci said, "I think pressure's good. We function better under pressure."

Among the major features of the new plan: It would add \$ 147 million to parts of the \$ 7.12 billion general-fund budget approved by the appropriations committee in April, and cut an equivalent amount in other areas. The \$ 651 million transportation-fund budget would remain the same.

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The biggest addition is \$ 104 million in contributions to the state teachers retirement fund, canceling a legislative recalculation that **Weicker** called "a gimmick."

The major cuts were \$ 19 million from education grants to wealthier towns, \$ 35 million saved by limiting future cost-of-living increases for retired teachers to 3 percent, and \$ 24.5 million from cutting welfare benefits and some rates for medical services to the indigent.

It includes some small spending cuts **Weicker** proposed in February but which were abandoned or watered down by the legislature under pressure from the people who would be affected. These include cuts in aid to parochial schools, cost-of-living increases for retired teachers and prescription-drug subsidies for low-income elderly people.

In light of violence at the overcrowded Enfield prison, **Weicker** has proposed adding \$ 8 million to open Somers Hill and Suffield prisons next February and April respectively, instead of July 1992.

The tax package includes a 12.5 percent increase in the cigarette tax; a 10 percent increase in the alcohol tax; a tax on gifts of between 1 percent and 6 percent, depending on the value; a tax on the sales of real estate recorded at less than 75 percent of market value; and extension of the sales tax to extended warranties, 900-number telephone calls and private transportation services such as taxis.

The time frame for paying off the \$ 902 million deficit from the current fiscal year would be extended from three years to 3 1/2 years, allowing the state to allocate \$ 40 million less for that purpose in 1991-92. But the governor's payment of \$ 295 million is \$ 191 million more than was included in the budget that he vetoed.

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## Graphic

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Brad Clift/The Hartford Courant

At a press conference to discuss his revised budget, Gov. Lowell P. **Weicker** Jr. laughs after a reporter told him that the only people in the audience who couldn't hear him were members of the legislature. In the background is William J. Cibes, his budget director.

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